

## **Minutes of the Meeting of November 18, 2016**

**of the**

### **MASSACHUSETTS TEACHERS' RETIREMENT BOARD**

#### **I. Regular Matters of Business**

In attendance at this regular meeting of the Massachusetts Teachers' Retirement Board ("the Board") were Chairman Jeff Wulfson, Vice Chair Nicola Favorito, Jacqueline A. Gorrie, Richard L. Liston, Dennis J. Naughton, Joannah M. Quinn, Anne Wass, Executive Director Erika Glaster, Assistant Executive Director Sean Neilon, Assistant Executive Director Jon Osimo, General Counsel James Salvie, Disability Case Manager Salvatore Coco and Executive Assistant Helen Petruzzello.

The meeting was called to order at approximately 9:00 a.m.

The minutes of the previous Board meeting, held on October 28, 2016, were reviewed and approved as submitted on a motion made by Mr. Liston and seconded by Mr. Naughton. The motion carried 7-0.

**VOTED: The Open and Executive minutes of the Board meeting held on October 28, 2016, are hereby approved as submitted.**

#### **II. Executive Session**

A motion was made by Mr. Liston, and seconded by Mr. Naughton, to enter into executive session in order to review applications for disability retirement. On roll call, the vote was as follows:

<b>VOTED:</b> Nicola Favorito	Yes
Jacqueline A. Gorrie	Yes
Richard L. Liston	Yes
Dennis J. Naughton	Yes
Anne Wass	Yes
Joannah M. Quinn	Yes
Chairman Jeff Wulfson	Yes

At approximately 9:01 a.m. the Board went into Executive Session. The Chairman stated that the Board would return to Open Session.

At approximately 9:02 a.m. the Board reconvened in Open Session. Michael Trotsky, Executive Director and Chief Investment Officer (CIO) of the Pension Reserves Investment Management Board joined the meeting at this time.

### **III. Open Session**

#### **A. RE-APPOINTMENT OF MTRS BOARD MEMBER REPRESENTATIVE TO PRIM BOARD**

The Board considered the re-appointment of Dennis Naughton as an elected member of the Teachers' Retirement Board to serve on the Pension Reserves Investment Management ("PRIM") Board. On a motion made by Mr. Liston, and seconded by Ms. Gorrie, the Board voted 6-0-1, with Mr. Naughton abstaining. Mr. Naughton thanked the Board for their support.

#### **B. APPROVAL OF EXPENSES FOR BENEFIT VERIFICATION PROCESSING**

Pursuant to the Board Governance Policy, Ms. Glaster asked for the Board's approval for budgeted expenses totaling \$93,131.80 for the acknowledgement and processing services for the 2017 Benefit Verification. On a motion made by Mr. Favorito, and seconded by Ms. Gorrie, the Board voted unanimously to approve the expenses.

#### **C. FINAL APPROVAL OF 807 CMR 7.00, DOCUMENTATION TO BE OBTAINED FOR ORDINARY OR ACCIDENTAL DISABILITY RETIREMENT**

Mr. Salvie presented for the Board's final approval the proposed amendments to 807 CMR 7.00, Documentation to be Obtained for Ordinary or Accidental Disability Retirement, which the Board had put out for public comment after approving it at its November 2015 meeting. A public hearing was held on January 6, 2016 in which no one appeared however, written comments from the Massachusetts Teachers Association ("MTA") were received in a December 29, 2015 letter proposing additional amendments. After a brief discussion, the Board

determined to approve the initial amendments as previously approved and invite MTA legal counsel to a future board meeting to discuss their suggested amendments. On a motion made by Ms. Wass, and seconded by Ms. Gorrie, the Board voted unanimously to finally approve the amendments.

#### **D. EXECUTIVE DIRECTOR'S REPORT**

1. Ms. Glaster reviewed the 2017 proposed board meeting schedule with board members and due to scheduling conflicts, a change was recommended. A final schedule will be provided in the December board materials.
2. Ms. Glaster provided in the Board materials a timeline for the Pension Reserves Investment Management Board 2016-2017 Election and indicated that there had been a few inquiries made by potential candidates, including the incumbent.
3. Ms. Glaster reported that the skylight was installed in the main office at Hood Park over the Veterans' day holiday weekend. She noted the cost for this installation was offset by the elimination of one partition wall in the presentation room.
4. Ms. Glaster announced that *Ready for Retirement*, a series of retirement seminars held throughout the state in various locations, was underway and one session was hosted for the first time in the new presentation space in Charlestown. Mr. Liston and Ms. Wass, who attended seminars as representatives from MTA Retired, praised the professionalism of the staff conducting the seminars.
5. Ms. Glaster provided an update on the exclusive benefit rule issues, stating that Ice Miller wrote a response to the opinion of PERAC's tax counsel, Kutak Rock, which was shared with PERAC, the Comptroller's Office and representatives of Administration and Finance ("ANF"). Ms. Glaster noted that ANF had not yet announced their selection of outside counsel.

At approximately 9:25 a.m. the Board recessed and reconvened at approximately 9:40 a.m.

Chairman Wulfson welcomed all invited speakers and participants and introduced State Auditor Suzanne Bump who made a brief statement to the group. Attendees included speakers Michael Trotsky, Executive Director and Chief Investment Officer (CIO) of the Pension Reserves Investment Management Board,

Joseph Connarton, Executive Director, and James Lamenzo, Actuary, of the Public Employee Retirement Administration Commission. Additionally, representatives of the various constituent groups included Richard Bedard and David Verdolino of the Massachusetts Association of School Business Officials, Thomas Scott and Paul Andrews of the Massachusetts Association of School Superintendents, Marie Ardito and Jim Lucia of Massachusetts Retirees United, Erik Champy of the Massachusetts Teachers Association, Michael Canavan of the American Federation of Teachers-Massachusetts, Glenn Koocher of the Massachusetts Association of School Committees, William Nolan and Dominique Demar of the Retired Educators Association of Massachusetts, Joan Schloss of the Retired State, County, and Municipal Employees Association, Timothy Dooling of the State Auditor's Office, and Robert Brousseau, Elected PRIM Board Member representing the members of the Teachers' Retirement System.

Mr. Trotsky summarized activities, changes, innovations, and accomplishments of the PRIM staff and Board over the past year and distributed copies and provided an explanation of the PRIT Fund Performance Review. Mr. Trotsky noted the current uncertainty of the markets due to the national election results and noted that the fund's assets, focused on long-term investments, should withstand any potential increased volatility. He addressed the Board's questions concerning the expected rate of return on the system's investments.

Mr. Connarton summarized the previous year's activities of the Commission including personnel changes and legislative initiatives. Mr. Lamenzo reviewed the January 1, 2016 Teachers' Retirement System Actuarial Valuation report with the Board and guests. Speaking on behalf of the Board members, the Chairman stressed the Board's concern, as fiduciaries of the system, with the current funded ratio of the system and their belief that the state needs to revisit the contribution schedule. Mr. Lamenzo addressed the Board's questions regarding the process in determining the plan assumptions.

At approximately 11:18 a.m. there was a brief recess at which point Auditor Bump left the meeting. At approximately 11:41 a.m. Treasurer Deborah Goldberg arrived and joined the meeting. Treasurer Goldberg addressed the Board members and participants, and announced her intention to recommend that the Commonwealth continue to increase the annual pension appropriation by 10% in order to reduce the Commonwealth's unfunded pension liability at the upcoming Consensus

Revenue Hearing. She stressed the state's obligation to fix the funding issue and the necessity for increased contributions in order to address it. She highlighted financial education initiatives that the Treasury is offering to empower residents of the Commonwealth in savings and retirement. She encouraged the constituents to join her in her continued commitment to advocate for the Commonwealth's employees and retirees.

On a motion made by Mr. Naughton and seconded by Mr. Liston, the Board voted unanimously to adjourn the meeting at approximately 12:30 p.m. and attendees were invited to stay for the luncheon.

Respectfully submitted,

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**Erika M. Glaster, Executive Director**

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Date

**Documents used in MTRS Board meeting of November 18, 2016**

- Agenda for November 18, 2016 MTRS Board meeting
- Cover letter from Executive Director
- Open minutes and executive minutes of October 28, 2016 MTRS Board meeting
- Memorandum and supporting documents pertaining to Re-appointment of MTRS Board member representative to PRIM Board
- Memorandum pertaining to approval of expenses for Benefit Verification processing
- Memorandum and supporting documents pertaining to Final Approval of 807 CMR 7.00, Documentation to be Obtained for Ordinary or Accidental Disability Retirement
- Proposed 2017 Board meeting schedule